

Message Text

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DRAFTED BY: ARA:NC:MCFORRESTER

APPROVED BY: ARA:NC-MR DEVINE

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R 231953Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

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FOLLOWING REPEAT BOGOTA 3325 ACTION SECSTATE INFO GUATEMALA
MANAGUA PANAMA SAN JOSE SAN SALVADOR TEGUCIGALPA QUITO
GUAYAQUIL BRASILIA 19 APR

QUOTE

LIMITED OFFICIAL USE BOGOTA 3325

EO 11652: NA

TAGS: EAGR CO

SUBJ: BANANA EXPORT TAX

1. AGATT DISCUSSED STATUS OF PROPOSED BANANA EXPORT TAX WITH
LOCAL UNITED BRANDS REP GEORGE FERNANDEZ. HE STATED THAT MIN AG
HAD SCHEDULED MEETING APRIL 25 WITH LOCAL BANANA EXPORTERS
TO MAKE FINAL DECISION ON EXPORT TAX WHICH IS SCHEDULED TO GO
INTO EFFECT MAY 1. UNITED BRANDS WHICH IS FAR AND ABOVE THE
LARGEST EXPORTER OF BANANAS HAS NOT BEEN INVITED TO ATTEND
MEETING.

2. FERNANDEZ HAS IMPRESSION THAT THE EXPORT TAX WILL TAKE THE
FORM OF AN INCREASE IN THE REINTEGRO OR AMOUNT OF FOREIGN
EXCHANGE BANANA EXPORTERS MUST SURRENDER TO THE GOVERNMENT FOR
EACH BOX SHIPPED. THE INCREASE WILL PROBABLY BE 40 CENTS/BOX
AND WILL NOT DISCRIMINATE BETWEEN DOMESTIC AND FOREIGN EXPORTERS.

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IT WILL ALSO GO TO PRODUCERS RATHER THAN THE GOVERNMENT.

3. HE ADDED THAT HIGH UNITED BRANDS OFFICIALS ARE CURRENTLY IN COSTA RICA NEGOTIATING WITH THE GOVERNMENT ON HOW THE \$1.00/BOX TAX THERE WILL BE DIVIDED BETWEEN PRODUCERS AND THE GOVERNMENT. HE SAID THAT SINCE UNITED BRANDS IS BOTH A PRODUCER AND EXPORTER IN COSTA RICA IT IS TO THEIR ADVANTAGE TO GET THE PRODUCER SHARE AS HIGH AS POSSIBLE.

4. RE THE EFFECT OF THE IMPOSITION OF A \$1.00/BOX EXPORT TAX IN PANAMA ON APRIL 1, FERNANDEZ SAID IT WAS TOO EARLY TO TELL. HIS IMPRESSION WAS THAT UNITED BRANDS HAS REDUCED PURCHASES OF PANAMANIAN FRUIT. HOWEVER SINCE UNITED BRANDS WAS THE SOLE FOREIGN COMPANY OPERATING IN PANAMA THEY WERE PROCEEDING EXTREMELY CAUTIOUSLY FOR FEAR OF PROVIDING THE GOP ANY JUSTIFICATION FOR EXPROPRIATION OF THEIR INTERESTS THERE. HE SAID UNITED BRANDS WAS TAKING VERY SERIOUSLY THE COMMITMENT REPORTEDLY MADE BY THE NEW PRESIDENT OF VENEZUELA TO COSTA RICAN PRESIDENT FIGUERES THAT VENEZUELA WOULD PROVIDE FUNDS TO PAY FOR EXPROPRIATION OF FOREIGN BANANA OPERATIONS IN CENTRAL AMERICA. VAKY UNQUOTE KISSINGER

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To: CARACAS
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